

Due Date: October 10, 2002

Topic: 2002 Farm Bill Option – Section 4102

Issue: Effective October 1, 2002, States have the option of simplifying the definition of income for Food Stamp Program (FSP) eligibility determinations by aligning the definition with Family-Related Medicaid or TANF Program definitions.

Background: Currently Medicaid and food stamp (FS) policies require that all regular and predictable income including wages and payments from government sources be budgeted in the eligibility and benefit determinations for both programs. Each program excludes a lengthy list of types of income that must be disregarded in the determinations. For the most part, the program definitions of counted income are quite similar and based on federal legislation. There are a few instances however where the program policies could be brought into alignment.

Student Financial Aid: Currently all forms of financial aid for students in institutions of higher education are excluded as income for Medicaid. The Food Stamp Program would benefit by excluding these sources of income for several reasons. Job training and higher education may be a path to self-sufficiency for some food stamp recipients. Currently any FS eligible student who receives financial aid to help pay educational expenses and living expenses while attending school must provide verification of the financial aid income they receive and educational expenses that are expected to be incurred. The local agency eligibility worker budgets the income and expenses in CARES to determine if any of the financial aid income will affect the food stamp benefit. All financial aid issued under Title IV is already excluded income for FS. Only the amount in excess of the Title IV funds is compared to the expenses to determine if any is countable income for FS. This is a time consuming process for the FS recipient and the worker. Excluding all student financial aid would simplify the FSP for participants and workers, encouraging program participation and decreasing the workload.

Excluding all student financial aid would encourage students to pursue all possible sources of aid, not just Title IV aid. This could include scholarships, and non-Title IV grants that might otherwise have affected the FS benefits. The State of Wisconsin requested a waiver to exclude this type of income, but it was denied by USDA-FNS in August 2001. This new legislation allows States an option under which we could exclude the income without a waiver. The W2 and Child Care Programs currently include very few types of student financial aid income and are considering excluding all types. This is one of the suggestions for program improvement made by local agencies as part of the IMAC Workload Symposium in February 2002.

Recommendation: Exclude all student financial aid as countable income in the FS eligibility determination.

Earnings of High School Students: Currently Medicaid policy requires that earned income of FT students under age 19 be excluded. In addition, earnings of PT students under age 19 are excluded if the student is working less than 30 hours per week. Current FS policy requires that earnings of enrolled students (FT or PT) under age 18 be excluded. Their earnings are included in the month following the month the student turns 18. These policies could be aligned by requiring that enrolled (FT or PT) student earnings be excluded until the month following their 19th birthday or until school enrollment ends. For TANF (W2/CC) earnings of a minor or dependent 18 year old are disregarded. **More research needs to be done to evaluate the potential impact on Medicaid program costs.**

Align Program Policies for Other types of Income:

Income Type	Medicaid Policy	Food Stamp Policy	Alternative	W2/CC Policy	Committee Recommendation
Severance Pay	Counted as earned in month of receipt	Counted as unearned income in month of receipt	Could disregard as income for MA and FS. Could be counted as an asset if available in the month following receipt.	Same as FS	Hold for further discussion. Current policies are aligned
Blood and Plasma Sales	Family MA - earned income. EDB MA earned income if frequent, regular, and > \$10/mo.	Counted as earned income.	Could disregard for MA and FS	Same as FS	Disregard for MA and FS
Room & Board Income	MA allows the following deductions \$15 for Room and the FS allotment for one person for Board*. Excess is treated as earned income.	Counted as self-employment income	Could disregard for MA and FS	Same as FS	Disregard for MA and FS

Interest and Dividends	Counted as unearned inc. if > \$20/mo rec'd regularly and frequently	Counted as unearned if received directly.	Could align policies to count as unearned if received directly in excess of \$20 per month.	Counted as unearned income including less than \$20 per month	Hold for further discussion. Identify # of MA and FS cases with interest income.
Jury Duty	Amount in excess of expenses counted as earned income.	Amount in excess of expenses counted as earned income.	Could be disregarded for both programs.	counted as unearned income, no expenses are considered	Disregard for MA and FS
In-kind Income	Counted as earned inc. if reg. and pred.	Disregarded	Could be disregarded for both programs	Disregarded	Disregard for all programs
Gifts	Counted as unearned income if >\$30 per quarter	Same	Could be disregarded as income for both programs (irregular and unpredictable). Count as asset if available in the month following receipt.	budget as unearned if regular and predictable, over 6 month elig. period	Disregard as income, count as an asset if retained in checking/savings/cash
Profit Sharing	Counted as unearned income.	Counted as unearned income if recurring	Could disregard as income for both programs. Could be counted as asset if available in the month following receipt.	Not counted in budget if rolled into acct, can be counted as unearned income if disbursed to customer	Disregard as income, count as asset if available in checking/savings/cash
Charitable Contributions	Fam. All. less Assist. Std. divided by 12. Count amount > the max. as unearned	Amount >\$300 per quarter counted as unearned income	Could disregard for both programs as irregular and unpredictable.	disregarded	Disregard for all programs

Summary

Committee recommends the following policy changes:

For MA –

Exclude the following as income:

Blood and plasma sales

Room and Board

Jury Duty

In-kind income

Gift money

Charitable Contributions

For FS –

Exclude the following as income:

Blood and plasma sales

Room and Board

Jury Duty

Gift money

Charitable Contributions

Student Financial Aid

Further analysis and discussion are needed to determine if MA and FS policies could be aligned for earnings of high school students, profit sharing, interest income, and severance pay. When policy decisions are made and as CARES changes are being discussed, TANF policy involvement will be requested to determine if TANF income policies could also be aligned with MA/FS.